

**IN THE UNITED STATES DISTRICT COURT FOR THE
NORTHERN DISTRICT OF ILLINOIS, EASTERN DIVISION**

CHARTWELL STUDIO, INC.,)	
)	
Plaintiff/Counter-Defendant,)	Case No.: 1:19-cv-06944
)	
v.)	
)	
TEAM IMPRESSIONS, INC.,)	
)	
Defendant/Counter-Plaintiff,)	Judge Mary M. Rowland
)	
and)	
)	
THE PEEL PEOPLE, LLC,)	
)	
Defendant.)	

**MOTION OF DEFENDANTS TEAM IMPRESSIONS, INC.
AND THE PEEL PEOPLE, LLC
FOR LEAVE TO FILE SECOND AFFIRMATIVE
DEFENSE TO COUNT I OF COMPLAINT**

Defendants Team Impressions, Inc. (“Team”) and The Peel People, LLC (“TPP”) (collectively, “Defendants”), by their attorneys, Schoenberg Finkel Beederman Bell Glazer, LLC, as their motion for leave to file the attached Second Affirmative Defense to Count I of the Complaint, state as follows:

1. On February 14, 2023, the Court issued its Memorandum Opinion and Order on the parties’ cross-motions for summary judgment and motions to bar experts. In that Memorandum and Opinion, this Court determined that in the Seventh Circuit, functionality is an affirmative defense under the Lanham Act. (Dkt. 112). The Court cited *Publications Int'l, Ltd. v. Landoll, Inc.*, 164 F.3d 337 (7th Cir. 1998), in which the Seventh Circuit noted that there was a split in the Circuits as to whether in cases involving unregistered trademarks, functionality was an affirmative defense so that the burden of proof was on the defendant. The Court noted that Seventh Circuit

precedent held that functionality was an affirmative defense so that the burden of proof was on the defendant.

2. On February 23, 2023, Defendants filed their Motion to Reconsider the Portion of the Court's February 14, 2023 Memorandum Opinion and Order Regarding Functionality ("Defendants' Motion to Reconsider"). (Dkt. 114). As noted in Defendants' Motion to Reconsider, after *Publications Int'l, Ltd.*, the Lanham Act was specifically amended to make clear that for an unregistered trademark or trade dress, the plaintiff bears the burden of proof. 15 U.S.C. § 1125; *Shire U.S., Inc. v. Barr Laboratories, Inc.*, 329 F.3d 348, 354 n.13 (3d Cir. 2003); *Thomas & Betts Corp. v. Panduit Corp.*, 108 F. Supp. 2d 976, 977 (N.D. Ill. 2000). As further noted in Defendants' Motion to Reconsider, "If a defendant does not bear the burden of proof on a defense, it is not an affirmative defense." *Household Financial Services v. Northeastern Mortgage Investment Corp.*, No. 00 C 0667, 2000 U.S. Dist. LEXIS 8975, at *4 (N.D. Ill. June 21, 2000). "[A] defendant need plead affirmatively only those defenses upon which he bears the burden of proof." *Sundstrand Corp. v. Standard Kollsman Industries, Inc.*, 488 F.2d 807, 813 (7th Cir. 1973).

3. On April 4, 2023, the Court denied Defendants' Motion to Reconsider (Dkt. 117), holding that based upon *Publications Int'l, Ltd.*, functionality is an affirmative defense. Accordingly, Defendants request leave to amend to file its Second Affirmative Defense to Count I, attached hereto as Exhibit A.

4. "[P]leading rules still 'favor decisions on the merits rather than technicalities.'" *Morris v. Daimler Trucks North America, LLC*, No. 20-cv-246-JPG, 2021 U.S. Dist. LEXIS 137403, at *1-2 (S.D. Ill. July 23, 2021), quoting, *Stanard v. Nygren*, 658 F.3d 792, 800-01 (7th Cir. 2011). A court should allow amendment except where there is undue delay, bad faith, dilatory motive on the part of the movant, repeated failure to cure deficiencies by

amendments previously allowed, undue prejudice to the opposing party by virtue of allowance of the amendment, or futility of the amendment. *Bausch v. Stryker Corp.*, 630 F.3d 546, 562 (7th Cir. 2010).

5. Defendants do not believe that they unduly delayed in raising functionality. In their first pleading (Defendants' Rule 12(b)(6) Motion to Dismiss Complaint), Defendants asserted that all of the elements of Plaintiff Chartwell Studio, Inc.'s ("Chartwell") claimed protected trade dress were entirely functional. (Dkt. 18, pp. 4, 6, 8; see also, Dkt. 24, pp. 3, 5). In its Complaint, Chartwell alleged its trade dress was nonfunctional. (Dkt. 1, ¶104). In their Answer, Defendants denied this allegation. (Dkt. 32, ¶ 104). In its July 20, 2020, Memorandum Opinion and Order, the Court held that Chartwell bore the burden of proving non-functionality, which presented a question of fact and could not be decided on a motion to dismiss. (Dkt. 39, p. 11). Additionally, given the amendment to the Lanham Act specifically imposing the burden of proof on the plaintiff and the lack of a subsequent decision from the Seventh Circuit, there was uncertainty as to whether functionality had to be pled as an affirmative defense after 1999.

6. Furthermore, delay normally does not justify denying leave to amend a pleading unless it results in undue prejudice to the opposing party. *See Dubicz v. Commonwealth Edison Co.*, 377 F.3d 787, 793 (7th Cir. 2004); *Tragarz v. Keene Corp.*, 980 F.2d 411, 432 (7th Cir. 1992).

As recited above, however, delay by itself is normally an insufficient reason to deny a motion for leave to amend. *See Perrian v. O'Grady*, 958 F.2d 192, 194 (7th Cir. 1992). Delay must be coupled with some other reason. Typically, that reason, as the court determined it was in this case, is prejudice to the non-moving party.

Dubicz v. Commonwealth Edison Co., 377 F.3d 787, 793 (7th Cir. 2004). "But where Defendants would 'not [be] prejudiced in any legally relevant sense by the court's amendment,' and '[t]he equities ... weigh heavily in favor of the [movant],' a court should exercise its discretion to allow

an amendment.” *King v. Kramer*, No. 13-2379, 2014 U.S. App. LEXIS 13252, at *16-17 (7th Cir. July 10, 2014), quoting, *Matter of Delagrange*, 820 F.2d 229, 233 (7th Cir. 1987).

7. Chartwell cannot claim any prejudice, bad faith, dilatory motive or repeated failure to cure deficiencies. As noted, functionality has been litigated since the start of this litigation. Defendants examined Chartwell’s witnesses, including its expert, Mark Partridge (“Partridge”), extensively about the functionality of the elements of Chartwell’s claimed trade dress. Partridge admitted that many of the elements of protectable trade dress claimed by Chartwell were, in fact, not arbitrary but utilitarian and functional. He also conceded that the location of the header at the top, the photograph of the product in use, the application instructions, the choking hazard advice and the “Made in the USA” designation all served some useful purpose. (See transcript of the deposition of Mark Partridge, attached hereto as Exhibit B, pp. 186-192).

WHEREFORE, Defendants Team Impressions, Inc. and The Peel People LLC respectfully request leave to file the attached Second Affirmative Defense to Count I of the Complaint.

Respectfully submitted,

By: /s/ Norman T. Finkel
One of Defendants’ Attorneys

Norman T. Finkel
norm.finkel@sfbbg.com
William R. Klein
bill.klein@sfbbg.com
SCHOENBERG FINKEL BEEDERMAN BELL GLAZER LLC
300 S. Wacker Drive, Suite 1500
Chicago, Illinois 60606
(312) 648-2300

CERTIFICATE OF SERVICE

I, Norman T. Finkel, an attorney, hereby certify that on April 10, 2023, I caused a copy of the foregoing ***Motion of Defendants Team Impressions, Inc. and The Peel People, LLC For Leave to File Second Affirmative Defense to Count I of Complaint***, to be served via e-mail upon the following:

Timothy Liam Epstein
Brian C. Konkel, Esq.
DUGGAN BERTSCH, LLC
303 West Madison St., Ste. 1000
Chicago, IL 60606
tepstein@dugganbertsch.com
bkonkel@dugganbertsch.com

/s:/ Norman T. Finkel

EXHIBIT A

**IN THE UNITED STATES DISTRICT COURT FOR THE
NORTHERN DISTRICT OF ILLINOIS, EASTERN DIVISION**

CHARTWELL STUDIO, INC.,)	
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THE PEEL PEOPLE, LLC,)	
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Defendant.)	

**SECOND AFFIRMATIVE DEFENSE OF DEFENDANTS
TEAM IMPRESSIONS, INC. AND THE PEEL PEOPLE, LLC
TO COUNT I OF COMPLAINT**

As their Second Affirmative Defense to Count I of the Complaint of Plaintiff Chartwell Studio, Inc. (“Chartwell”), Defendants Team Impressions, Inc. and The Peel People, LLC allege and state as follows:

1. The elements of Chartwell’s claimed protected trade dress are all functional.
2. The use of a small header, differentiated in a different, bold color, that states at the top “Peel & Stick”, is entirely functional. The small header functions to allow the product to be hung from hooks or displayed in racks at dollar stores, while also allowing the consumer to see the product depicted in use. The different, bold color functions to draw attention to the product and facilitate the text's readability. The text “Peel & Stick” description functions to inform the consumer of the product’s attributes.
3. A photograph of the products themselves in use on the right side of the header functions to allow the consumer to see the product as it would appear in use in a wall and allows the

consumer to see a depiction of the entire product without unfolding it or removing it from the rack at the store.

4. A header in two distinctive, primary colors functions to draw attention to the product and facilitate the text's readability.

5. A small green dot on the front of the package that states "Think Green" or "Go Green" functions to inform the consumer that the product is environmentally friendly. It functions to alert environmentally conscious consumers that the product will meet their goals.

6. The high visibility of the product due to the lack of outer packaging is entirely functional. The lack of outer packaging functions to allow visibility to the entire product and eliminates outer packaging costs.

7. A backside label that encourages consumers to post and share their creations on Facebook, includes the moniker "Made in the USA," contains application instructions for the Products, advises that the products are choking hazard, and includes further reproductions of the products is entirely functional. Encouraging consumers to post and share their creations on Facebook functions to promote communication between consumers and the company and allows the company feedback on designs that consumers desire. The use American flags and denotation "Made in the USA" function to advise consumers where the product is manufactured and are not protectible under the Lanham Act. 15 U.S.C. § 1052(b),(e)(2). The application instructions are purely functional by informing the consumer on the proper use of the product. . The choking hazard warning functions to warn consumers and is required by law. 15 U.S.C. § 1278. A reproduction of the product functions to allow the consumer to see the product as it would appear in use in a wall and allows the consumer to see a depiction of the entire product.

8. Under the Lanham Act, Chartwell bears the burden of proof on functionality, which Chartwell cannot meet. 15 U.S.C. § 115(b)(8).

WHEREFORE, Defendants Team Impressions, Inc. and The Peel People, LLC pray for the entry of judgment in their favor and against Chartwell Studio, Inc. on Count I of the Complaint and for such other and further relief as this Court deems just, including awarding Defendants their attorneys' fees under 15 U.S.C. § 1117.

Respectfully submitted,

By: /s/ Norman T. Finkel
One of Defendants' Attorneys

Norman T. Finkel
norm.finkel@sfbbg.com

William R. Klein
bill.klein@sfbbg.com

SCHOENBERG FINKEL BEEDERMAN BELL GLAZER LLC
300 S. Wacker Drive, Suite 1500
Chicago, Illinois 60606
(312) 648-2300

EXHIBIT B

1

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

TEAM IMPRESSIONS, INC.,)
)
Defendant/)
Counter-Plaintiff.)

The videoconference deposition of MARK PARTRIDGE, called by the Defendant for examination, taken pursuant to the Federal Rules of Civil Procedure of the United States District Courts pertaining to the taking of depositions, taken before ROBIN M. CHIAMI AK, CSR, RMR, CLNR, taken remotely via videoconference on the 19th day of April, 2022, at the hour of 9:17 a.m.

ROBIN M. CHIMNIAK, Certified Shorthand Reporter
State of Illinois, CSR License No. 084-001999

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1 **b i t -- I don't have examples from here.**

2 **But the way -- the way a cork screw**
3 **works, cork screw has a utilitarian appearance**
4 **because of what it does.**

5 **Q. But we're not talking about the**
6 **product. We're talking about the trade dress;**
7 **right?**

8 **A. I know. And -- and so that's why I**
9 **say, it's not present here. I don't see a**
10 **utilitarian reason for having this combination of**
11 **design elements that imitates plaintiff's**
12 **combination of design element.**

13 **Q. Okay. Is there a utilitarian or**
14 **functional reason for having on a trade dress a**
15 **photo depicting the product in use?**

16 **A. A photo of the product in the location**
17 **and size and shape is not. The depiction of the**
18 **product that is being sold, that aspect, as an**
19 **isolated item, would have a use.**

20 **Q. So to answer my question specifically:**
21 **Is a photo depicting the product in use**
22 **utilitarian or functional?**

23 **A. A photo depicting the product could**
24 **be -- have a use and therefore utilitarian.**

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1 Q. Okay.

2 A. The exact size and placement of that
3 photo is not.

4 Q. Does the term "peel & stick" have a
5 functional or utilitarian purpose?

6 A. I would say the phrase "peel & stick"
7 by itself is -- has a descriptive use. A
8 placement within a box of a certain size and
9 placed on the packaging does not.

10 Q. Okay. And I understand you're going to
11 keep doing that for each one of these I ask.

12 A. Yes, because that's my opinion -- my
13 view. Well, that's the reality.

14 Q. I understand all that. And my -- so
15 I'm going to assume that you're going to answer
16 that for each of these. I'm just going to ask you
17 the questions.

18 Do the instructions on the back of a
19 product have a utilitarian or functional use?

20 A. They describe certain actions that
21 relate to the product. They have a use.

22 Q. Does a choking hazard have a
23 utilitarian or functional use?

24 A. Yes, that -- that has a use.

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1 But, you know, you can keep asking the
2 question, but it misses the point. My opinion is
3 not each of those individually is protectable.

4 Q. I --

5 A. My point is that the arbitrary
6 combination of elements is protected. So I don't
7 see the point in -- in that inquiry on each one of
8 those.

9 It's the combination that matters.

10 Q. I understand. And I'm here to ask you
11 questions, and you're here to answer my questions,
12 not to determine whether my questions are any good
13 or not. Okay?

14 A. Okay. I apologize. I just am -- the
15 questions don't completely make sense because
16 that's not what's at issue. It's the arbitrary
17 combination is what's at issue.

18 Q. Right.

19 Does the phrase "Made in the USA" have
20 a utilitarian or functional use?

21 A. The words are descriptive and have a
22 use in -- per se.

23 Q. Does the ability to have the transparent
24 packaging, or packaging which allows the product

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1 **to be seen in its entirety, have a use?**

2 A. Yeah, I think -- you know, I thought
3 about that question. If I might add, as I recall,
4 the product -- is there a packaging to it? The
5 product itself can be seen. I don't know that it
6 has -- actually has a wrapper, at least not in all
7 cases.

8 But at any rate, there is a use in the
9 sense that you can see the product.

10 Q. Okay. And I don't know -- I don't know
11 whether somebody talked to you at lunch or not,
12 but your prior answer is going to stand.

13 A. Was what?

14 Q. I don't know -- your prior answers as
15 to whether there was a sleeve on the packaging
16 have already -- are already of record.

17 A. Fair enough. That's --

18 MR. KONKEL: And he's entitled to
19 correct his answer, Bill.

20 THE WITNESS: I did -- I did take a
21 look at the -- a product, and that's what
22 I -- the actual product.

23 You were -- you were asking me to
24 do it from memory. I took a look at the

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1 actual product, and I -- that's how I -- what
2 it looks like to me, is that you can see the
3 product, but I can't tell that there's a
4 plastic covering on top.

5 BY MR. KLEIN:

6 Q. Okay. And you looked at that actual
7 product over lunch?

8 A. Yes, I did. After we talked about it
9 and took the break, I was wondering about that.

10 Q. Okay. And you hadn't seen any of the
11 actual products prior to the time that you issued
12 your report; is that correct?

13 A. I'd seen photographs and -- and the --
14 yeah, the photographs that you've seen and we've
15 talked about. And, you know, again, that portion
16 is -- is the list of what the court identified,
17 and so I was -- I guess there's -- I don't know.

18 What I see when I look at the actual
19 product is I can't tell that it's wrapped in a
20 plastic covering or not.

21 Q. Okay. And at the time you were --
22 rendered your report, you assumed that there was a
23 plastic covering over it?

24 A. I didn't pay a lot of attention to that

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1 point. It wasn't critical whether it was -- you
2 could see the product on its own or whether you
3 could see it through a plastic wrap.

4 Q. Okay. And --

5 A. I don't see a material difference in
6 that in this situation. But anyway, I saw -- you
7 know, I took a look at the product over lunch.

8 Q. Okay. And does the fact that you can
9 see the product itself have a utilitarian or
10 functional use?

11 A. Seeing the product has a use. So on
12 it -- you know, breaking it into pieces, that --
13 that piece, that has a use. That aspect is
14 useful.

15 Q. Then to go on, your report talks about
16 the degree of care by consumers.

17 What's your understanding of why
18 consumers pick particular wall décor?

19 A. They -- they intend to decorate the
20 places where they live or intend to decorate it
21 for others. That would be the apparent purpose.

22 Q. Right. And so what's more important
23 to -- to the consumer, the artwork and design of
24 the product or the manufacturer?

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1 A. That's hard to say. Probably varies.

2 In some cases, as suggested by the
3 woman who was in that video, the source is
4 extremely important.

5 And that would be the case, I think.
6 The source would be extremely important, and you'd
7 rely on the indication of source to help you judge
8 that.

9 Q. Other than the YouTube video, is there
10 any basis for your conclusion that the source of
11 the product is extremely important to the average
12 consumer?

13 A. Well, these are not sold as generic
14 products. They're all branded by the companies.
15 And there's a reason for that. They want
16 customers to recognize their brand, to be happy
17 with their brand, and to buy it. So source is an
18 important part of that.

19 Q. Okay.

20 A. And the trade dress is a key -- key
21 way, particularly in self-service products,
22 that -- that consumers can make quick judgements
23 about the source of the product.

24 Q. Okay. Other than the YouTube video, is